

**STATE OF CALIFORNIA
BOARD OF CORRECTIONS
CORRECTIONS PLANNING AND PROGRAMS DIVISION**

**JUVENILE CRIME ENFORCEMENT
AND
ACCOUNTABILITY CHALLENGE GRANT II**

**Contract Administration
Policy and Procedures Manual
For
Counties**



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INTRODUCTION

Purpose of Manual

This manual is designed to assist counties in the contractual management of their Juvenile Crime Enforcement and Accountability Challenge Grant (JCE&ACG) II demonstration project pursuant to the requirements of the enabling legislation and the associated contractual and other requirements promulgated by the Board of Corrections (Board).

GENERAL PROGRAM INFORMATION

The Board of Corrections

Originally established in 1944 as part of the reorganization of the state prison system, the Board's focus is now on three program areas: the Facilities Standards and Operations Division, which sets minimum standards for health care, programs, procedures, and construction of local detention facilities; the Standards and Training for Corrections Division, which has statutory responsibility for establishing selection criteria and training standards for local probation and corrections officers and providing financial assistance to participating counties and cities meeting those standards; and the Corrections Planning and Programs Division (CPPD) which has responsibility for various grant programs administered by the Board.

Corrections Planning and Programs Division

The CPPD administers and monitors grants, develops programs, conducts research and evaluation, and distributes funds that provide for the construction of local juvenile and adult detention facilities (e.g., the State and Federal Construction Grant); and reduces the threat of juvenile crime and delinquency (e.g., the JCE&ACG and Juvenile Justice Crime Prevention Act). While ensuring effective ways of managing criminal and delinquent populations, CPPD also fosters collaborative and integrative approaches by engaging local communities to devise plans to implement preventive and alternative methods of effectively impacting delinquent youth. CPPD also establishes and maintains a partnership in which state and local governments, as well as the private sector and private/nonprofit service providers, work together to achieve continued improvement in the conditions of California's delivery of programs to juveniles and adults.

CPPD activities include:

1. Administering grant funds for the construction, reconstruction, remodeling, replacement, and deferred maintenance of county juvenile and adult correctional facilities;
2. Working closely with local officials and communities to ensure the development and implementation of comprehensive strategies for preventing and effectively responding to juvenile crime;
3. Engaging local juvenile and adult stakeholders in the development of programs leading to the continued improvement in the conditions and delivery of programs to local juveniles and adults;
4. Conducting research and evaluation on the effectiveness and delivery of programs; and
5. Managing special financial assistance grants for local adult and juvenile corrections to leverage limited local resources.

Background

SB 1760 (Chapter 133, Statutes of 1996), the original legislation authorizing the JCE&ACG Program, was part of Governor Wilson's 1996 crime package and was carried by Senator Bill Lockyer, Hayward, and Assembly Member Jan Goldsmith, Poway. This legislation provided \$50 million and added Sections 749.2

- 749.27 to California's Welfare and Institutions Code, delineating the requirements of the program, identifying the Board as the administering agency, and authorizing the Board to develop procedures to award grants and monitor projects. The Board is further required to report to the legislature the results of the entire program upon its conclusion.

Chapters 325, 500, and 502, Statutes of 1998, amended the original JCE&ACG Program administered by the Board and provided additional resources to expand the existing grant program. Of the additional \$60 million allocated (\$10 million from the 1998-99 Budget Act and \$50 million from SB 2108, Chapter 502, Statutes of 1998), up to five percent (5%) is available for administration and technical assistance. Up to \$2 million of the allocation is available for the development and/or updating of Local Action Plans (LAPs), and up to \$500,000 in grants, not to exceed \$100,000 for the extension of existing evaluation efforts.

To help ensure an appropriate evaluation of these demonstration projects, the 2000/01 State Budget extended the JCE&ACG II projects from June 30, 2002, until June 30, 2003.

Special focus of this effort is on the establishment of local multi-agency juvenile justice coordinating councils that developed unique county-based responses to reduce incidences of juvenile crime and delinquency. California's JCE&ACG legislation incorporates a graduated sanction model for at-risk and juvenile delinquents. To apply for grant funds, counties were required to develop a LAP to address how a community plans to deal with the graduated sanctions of prevention, intervention, supervision, treatment, and incarceration of juveniles.

GRANT CONTRACTUAL REQUIREMENTS

General

The grant contract between the Board and a county shall consist of the State of California standard contract requirements, identified as Exhibit A. In addition, the grant contract must include as Exhibit B: (1) sufficient technical program information; (2) project evaluation information; and (3) detailed financial information in compliance with the county's project as identified in their JCE&ACG II demonstration project proposal. Submitted in a format described by the Board, Exhibit B of the grant contract should include, but not be limited to, the following:

1. A narrative description of the project the county intends to implement, identifying the specific program components, including the number of minors served in each program;
2. Detailed program evaluation information, including evaluation methods, outcome measures, and goals of the research;
3. The time frames regarding start-up and implementation;
4. The identification of key county project personnel including the project manager, fiscal, and program evaluation personnel; and
5. Budget information including the identification of major budget objects for the entire period of the project and more detailed budget information for each of the three project years.

Records

The county shall establish an official file for the project. The file shall contain adequate documentation of all actions in accordance with generally accepted government accounting principles. The official file must be maintained in a central location or at a minimum be readily accessible for examination by the Board or any authorized representative.

The county must establish separate accounting records for receipt, deposit, and disbursement of all grant funds as specified in Exhibit A of the grant contract.

The county shall maintain books, records, documents and other evidence sufficient to reflect properly the amount, receipt, and disposition of all project funds, including Board grant funds and any matching funds by the county and the total cost of the project. The maintenance requirements extend to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records. Source documents include copies of all awards, applications, and required financial and narrative reports. Personnel and payroll records shall include the time and attendance reports for all individuals reimbursed under the award, whether they are employed full-time or part-time. Time and effort reports are also required for consultants and contractors. Supporting documentation for matching funds, goods or services shall, at a minimum, include the source of the match, the basis upon which the value of the match was calculated, and when the matching funds, goods, or services were provided. Receipts, signed by the recipient of donated goods and/or services should be issued and a copy retained.

The county agrees to protect records adequately from fire or other damage. When records are stored away from the county's principal office, a written index of the location or records stored must be on hand and ready access must be assured. All county records relevant to the project must be preserved a minimum of three (3) years after acceptance of the final (grant project) audit and shall be subject at all reasonable times to inspection, examination, monitoring, copying, excerpting, transcribing, and audit by the Board or designees or, by state government auditors or designees. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records must be retained until the completion of the action and resolution of all issues which arise from it or until the end of the regular three-year period, whichever is later.

Accounting and Audit Requirements

All funds received by the county shall be deposited into separate fund accounts that identify the funds and clearly show the manner of their disposition. The county agrees that audit and accounting procedures shall be in accordance with generally accepted government accounting principles and practices (see Accounting Standards and Procedures for Counties, California State Controller, Division of Local Government Fiscal Affairs), and adequate supporting documentation shall be maintained in such detail so as to provide an audit trail which will permit tracing transactions from the invoices to the financial statement, to the accounting records, and to the support documentation.

Budget/Program Modifications (Appendix A)

No substantial change or modification in the project will be permitted without prior written approval from the Board. Substantial changes are those which affect the design or scope of the project; compliance with the agreed-upon program evaluation component; individual budget line item changes over ten percent (10%) of the amounts indicated for the individual line items identified in Exhibit D as the "Four-Year Budget Summary"; and other significant program delivery components addressed in the project application and as specifically identified in Exhibit D. Substantial modification requests shall be submitted to the Board upon approval by the county Project Manager. Upon receipt of a Budget/Program Modification request (Form CGII002), the Board will respond to the Project Manager with its approval/disapproval within 30 days. Substantial changes shall not be implemented by the county until authorized to do so by the Board.

Minor changes, such as changes in personnel, dates and times of service delivery, and budget line item changes of up to ten percent (10%) of the individual line items identified in Exhibit B as the "Three-Year Budget," or in Exhibit C as the "Four-Year Budget" if applicable; may be executed by the county without prior approval from the Board.

Under no circumstances will budget line item changes be authorized which would cause the project to exceed the amount of the grant award identified in the State Standard Agreement. Further, in no event shall line item changes be authorized for the Administrative Overhead line item, which would result in that line item exceeding ten percent (10%) of the grant funds.

Four (4) copies of all county-approved modifications must be submitted to the Board for review. Notification of minor modifications must be submitted with the next regularly scheduled financial invoice.

Grant Contract Amendments (Appendix B)

The grant contract may be amended upon agreement of both parties. Proposed grant contract amendments should be discussed with Board staff and must be submitted in writing in the approved format (see Appendix B).

Submittal of Invoices (Appendix C)

Invoices are to be submitted on the JCE&ACG II Quarterly Financial Invoice, Form CGII004 (Appendix C). This form reflects matching fund expenditures as well as the total program expenses incurred during the reporting period, invoices previously submitted and payments. Four copies must be submitted, each with original signatures of the person preparing the invoice, the project Financial Officer, and the county Project Manager. The county certifies that the invoice is accurate and was prepared in accordance with Board regulations, policies, and procedures; that the invoice reflects actual expenditures; and that all funds were expended for the purpose of liquidating obligations legally incurred.

During the grant period, quarterly financial invoices are to be submitted within 45 calendar days after the end of each fiscal quarter. Invoice reporting periods and due dates are as follows:

Reporting Period	Due Date
July 1, 1999 - September 30, 1999	November 15, 1999
October 1, 1999 - December 31, 1999	February 15, 2000
January 1, 2000 - March 31, 2000	May 15, 2000
April 1, 2000 - June 30, 2000	August 15, 2000
July 1, 2000 - September 30, 2000	November 15, 2000
October 1, 2000 - December 31, 2000	February 15, 2001
January 1, 2001 - March 31, 2001	May 15, 2001
April 1, 2001 - June 30, 2001	August 15, 2001
July 1, 2001 - September 30, 2001	November 15, 2001
October 1, 2001 - December 31, 2001	February 15, 2002
January 1, 2002 - March 30, 2002	May 15, 2002
April 1, 2002 - June 30, 2002	August 15, 2002
July 1, 2002 - September 30, 2002	November 15, 2002
October 1, 2002 - December 31, 2002	February 15, 2003
January 1, 2003 - March 31, 2003	May 15, 2003
April 1, 2003 - June 30, 2003	August 15, 2003

Please allow 30 days for processing time and approval of the Quarterly Financial Invoice by Board staff.

The quarterly invoices provide you with the opportunity to ensure that your fiscal records compare with our records and that actual expenditures are occurring at the anticipated rate. They provide the Board with a fiscal overview of your JCE&ACG II demonstration project on a regular basis and assist in meeting monitoring requirements of program administration.

Failure to submit each Quarterly Financial Invoice in a timely manner could result in quarterly payments being withheld. Should there be continuing issues with late or inaccurate submittal of invoices, the Board may choose to withhold funds or portions thereof. The remaining five percent (5%) of funds shall be withheld until such time as we have received all quarterly financial reports, semi-annual progress reports, final project summary report and the final audit from the county.

Eligible Project Costs

State Funds

Project costs eligible for state funding include, but are not limited to:

1. Salaries and benefits of county employees or public or private contract employees directly involved in the delivery of services associated with the project;
2. Services and supplies necessary to deliver services directly associated with the project;
3. In-state travel for county employees, volunteers, and student interns in accordance with county travel policy necessary for the success of the project;
4. Professional or consultant services, including services provided by community-based organizations, and other charges necessary for the delivery of services directly associated with the project;
5. Fixed assets, up to \$1,000 per item, that are necessary for the delivery of services directly associated with the project (items over \$1,000 per item require written request and approval);
6. Lease payments for equipment, including vehicles, office space, automation and reprographic equipment, and other items necessary for the delivery of services directly associated with the project; and
7. Operational overhead, indirect and administrative costs necessary for the success of the project up to a maximum of ten percent (10%) of the total grant award. Counties using grant funds for administrative overhead must maintain documentation supporting charges to the grant for this purpose. Board staff may review the documentation during site and monitoring visits.

Matching Funds

Expenditures eligible as match shall include those for:

1. Salaries and benefits of county employees or public or private contract employees directly involved in the delivery of services associated with the project;
2. Services and supplies necessary to deliver services directly associated with the project;
3. Travel for county employees, volunteers, and student interns, in accordance with county travel policy, necessary for the success of the project;
4. Professional or consultant services, including services provided by community-based organizations, required audits and other charges necessary for the delivery of services directly associated with the project;
5. Fixed assets up to \$1,000 per item, that are necessary for the delivery of services directly associated with the project. Items over \$1,000 per item require written request and approval;
6. Lease payments for equipment, including vehicles, office space, automation and reprographic equipment and other items necessary for the delivery of services directly associated with the project; and
7. Operational overhead, indirect and administrative costs necessary for the success of the project.

Ineligible Project Costs

Project costs or items which are ineligible for state funding:

1. Site acquisition and/or construction costs;
2. Fixed assets, including vehicles, computer equipment, furniture, reprographic equipment, and other items over \$1,000 per item unless a declaration is made in writing by the Project Manager and approved in writing by the Board that the equipment to be purchased:
 - a. Is to be used for services directly associated with the project;
 - b. Is essential to the success of the project;
 - c. That lease and rental options of the fixed asset have been thoroughly investigated;

- d. That the purchase of the equipment is less expensive than leasing or renting the equipment for the four-year grant period; and
 - e. That title to any equipment purchased with state funds will vest in the state and that the equipment will be returned to the state at the end of the grant period, if requested by the Board.
3. Supplanting existing programs, projects, or personnel;
 4. Personal injury compensation or damages arising out of or connected with the project, whether determined by adjudication, arbitration, negotiation, or otherwise;
 5. Fines and penalties due to violation of or failure to comply with federal, state or local laws and ordinances;
 6. Any costs outside the scope of the approved project;
 7. Interest on bonds or any other form of indebtedness required to finance project costs;
 8. All costs incurred in violation of the terms, provisions, conditions, or commitments of this grant contract;
 9. All costs arising out of or attributable to Grantee's malfeasance, misfeasance, mismanagement, or negligence;
 10. All costs arising out of or connected with contractor claims against the Grantee, or those persons for whom the Grantee may be vicariously liable, including, but not limited to, any and all costs related to defense or settlement of such claims;
 11. Criminal justice activities that are not directly related to the approved project;
 12. The use of grant funds to "buy-out" unused sick leave, vacation/administrative leave time not accrued during the grant period. Grant funds may only be used to "buy-out" any period of time an employee was assigned to the JCE & ACG II program and paid with grant funds; and
 13. Use of state grant funds for out-of-state travel and per diem.

Semi-Annual Progress Reports (Appendix D)

The Grantee agrees to submit semi-annual progress reports to the Board on the appropriate documentation form (Appendix D Form CGII005) during the term of this grant contract. The reports shall include, but are not limited to, a review of progress on all programs in the Grantee project, the number of minors served in each program, major and minor project modifications during the reporting period, specific statistical data regarding program variables, and outcomes measured, including specified program evaluation data collected during the reporting period, invoices submitted, and payments received from the Board for reimbursement.

The semi-annual reports must be submitted within 45 calendar days after the end of second and fourth fiscal quarters in each year. The Grantee is required to submit semi-annual progress reports to the Board on the following intervals:

Reporting Period	Due Date
July 1, 1999 - December 31, 1999	February 15, 2000
January 1, 2000 - June 30, 2000	August 15, 2000
July 1, 2000 - December 31, 2000	February 15, 2001
January 1, 2001 - June 30, 2001	August 15, 2001
July 1, 2001 - December 31, 2001	February 15, 2002
January 1, 2002 - June 30, 2002	August 15, 2002
July 1, 2002 - December 31, 2002	February 15, 2003
January 1, 2003 - June 30, 2003	August 15, 2003

These reports provide you and the Board with an overview of your JCE&ACG II project(s) on a regular basis and assist in meeting monitoring requirements of program administration.

Failure to submit semi-annual progress reports in a timely manner could result in quarterly payments being withheld. Should there be continuing issues with inaccurate or late submittal of semi-annual progress reports, the Board may choose to withhold funds or portions thereof. The remaining five percent (5%) of funds shall be withheld until such time as we have received all quarterly financial reports, semi-annual progress reports, the final project summary and the final audit from the county.

Final Project Report (Appendix E)

In addition to the final Semi-Annual Progress Report, within 90 calendar days of the grant contract ending date, the county shall submit a separate report for each project and related findings. Included in this manual is the outline for the Final Project Report (Appendix E). Information submitted in the Final Project Report must be of sufficient detail to permit replication of the project and the research.

PROJECT MONITORING

Programmatic

The Board staff will regularly monitor the administration of the JCE&ACG II demonstration projects. The purpose of this programmatic monitoring process is to assess compliance and determine that the project is operating in accordance with the approved application, grant contract regulations, and the law.

Auditing

The state may audit all of a county's accounting records that relate to the administration of the grant funds. The state will recover any improper expenditures disclosed in such audits through withholding future payments and/or repayment by the county at the discretion of the Board. Any grant funds so remitted to the Board, shall include interest equal to the rate of the State Pooled Money Investment Account.

Access to Project Activities, Site(s), and Records

Project site visits and monitoring, with reasonable notice, will be accomplished through on-site visits by Board staff. Access to the project activities, site(s), county project files, and contractors' records must be provided to Board staff or any authorized representative during all phases of program implementation pursuant to the grant contract.

FINAL AUDIT REQUIREMENTS

Responsibility

Within 120 calendar days of the grant contract expiration date, the county must obtain and submit a final audit to the Board. Extensions of the 120-day deadline should be requested in writing prior to the expiration of the grant contract. When the county is making its audit arrangements, advanced planning should be used to ensure the audit is started at project completion and completed within the required time frame. The county should also allow time for its response to any findings and audit recommendations before the report is sent to the Board.

Each audit shall consist of an examination of all state funds as well as all matching funds. The audit shall be performed in accordance with generally accepted auditing standards, as promulgated by the American Institute of Certified Public Accountants (AICPA), generally accepted governmental auditing standards, as promulgated by the Comptroller General of the United States, and the standards issued by the Board. The

AICPA's Statements on Auditing Standards (SAS) No. 74, "Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance," provides further information and guidance when auditing a governmental entity's financial statements and determining compliance with laws, regulations, and grant contract requirements.

Audits should be performed under the direction of a certified public accountant or an independent county internal auditor satisfactory to the Board. If the county internal auditor performs the audit, the auditor must be organizationally independent from the county's accounting and project management functions. Counties should obtain assurances that the personnel selected to perform the audit collectively have the necessary skills. It is important that a sound procurement practice be followed when contracting for audit services. Sound grant contract and approval procedures, including the monitoring of grant contract performance, should be in place. The objectives and scope of the audit should be made clear. In addition to price, other factors to be considered include: the responsiveness of the bidder to the request for proposal; the past experience of the bidder; the availability of the bidder staff with professional qualifications and technical abilities; and whether the bidder organization participates in an external quality control review program. It should also be noted that these steps are important whether the county is hiring auditors from an outside CPA firm or within its own internal auditing unit.

Since the audit function must maintain organizational independence, the county financial officer for this project, as cosigner to the grant contract, cannot perform audits of the grant contract-related activities. Additionally, internal county auditors who report to the financial officer, or to whom the financial officer reports, are cautioned not to perform the audit. The person conducting the audit shall be a public accountant or certified public accountant, unless the audit is completed by a county auditor. Failure to comply with these qualification standards could result in the rejection of the audit report by the Board.

Counties also have the option of meeting audit requirements through a Federal Single Audit. However, advance approval is required by the Board since the timing of the audit may impact the submission of the final audit within 120 calendar days of the grant contract expiration date. If the county decides to submit a Federal Single Audit report in order to satisfy the final audit requirement, the following items must be included in the report:

1. A Statement of Grant Revenues and Expenditures specific to the grant;
2. Supplemental Schedules: Schedule of Eligible Project Costs and Schedule of Disallowed or Questioned Costs;
3. A review of the match requirement including match type (i.e., Hard or In-Kind), and if the match requirement was met; and
4. A compliance review to ensure the required language is included in all contracts, separate records are maintained for grant-related expenditures and disbursements, and budget modifications were completed as required by the grant contract.

In addition to the final audit, the Board may require a prepayment audit prior to the deposit of grant funds into a separate account to ensure that the county's accounting system meets generally accepted accounting principles.

The Board also reserves the right to call for an audit at any time between the execution of the grant contract and the completion or termination of the program.

For detailed information regarding internal control requirements, compliance requirements, and final audit requirements, including but not limited to information about audit scope, testing, statement of grant revenues and expenditures, audit certification, audit findings, and withholding, please see the JCE&ACG II Audit Guide, Revised July 2001.

